

HOUSE BILL REPORT

2SSB 5736

As Passed House:

March 3, 2022

Title: An act relating to partial hospitalizations and intensive outpatient treatment services for minors.

Brief Description: Concerning partial hospitalizations and intensive outpatient treatment services for minors.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Frockt, Dhingra, Conway, Hasegawa, Honeyford, Keiser, Kuderer, Lovelett, Lovick, Nobles, Randall, Salomon and Stanford).

Brief History:

Committee Activity:

Appropriations: 2/22/22, 2/24/22 [DP].

Floor Activity:

Passed House: 3/3/22, 98-0.

Brief Summary of Second Substitute Bill

- Allows Managed Care Organizations and Behavioral Health Administrative Services Organizations to provide partial hospitalization and intensive outpatient services to persons under 21 years of age within available funding.
- Directs the Health Care Authority to add coverage for partial hospitalization and intensive outpatient services for persons under 21 years of age to the Medicaid State Plan by January 1, 2024, subject to approval by the Centers for Medicare and Medicaid Services.

HOUSE COMMITTEE ON APPROPRIATIONS

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: Do pass. Signed by 32 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: Andrew Toulon (786-7178).

Background:

The Medicaid State Plan.

Medicaid is a program funded jointly by states and the federal government that provides health coverage to a variety of populations including eligible low-income adults, children, pregnant women, elderly adults and people with disabilities. Medicaid is administered by states, according to federal requirements. Federal Medicaid law sets broad requirements for the program and mandates coverage of some populations and benefits, while leaving others optional. States, then, make operational and policy decisions that determine who is eligible for enrollment, which services are covered, and how payments are set.

Each state specifies the nature and scope of its Medicaid program through a state plan that must be submitted and approved by the federal Centers for Medicare & Medicaid Services (CMS) in order for the state to access federal Medicaid funds. The state plan can be amended as needed to reflect changes in state policy and federal law and regulation. In implementing a state's Medicaid program, states are required to comply with Medicaid requirements for statewideness, comparability, and freedom of choice unless the state has received a waiver of these provisions through the CMS.

Managed Care Organizations and Behavioral Health Administrative Services Organizations.

The Health Care Authority (HCA) administers the state's community behavioral health program through contracts with Managed Care Organizations (MCOs) and Behavioral Health Administrative Services Organizations (BHASOs). Medicaid services are primarily delivered through the MCOs under a comprehensive risk-based contract to provide prepaid health care services to enrollees under the authority's managed care programs. The BHASOs are regional entities contracted with the Authority to administer crisis and Involuntary Treatment Act services. The BHASOs provide some services contained in the Medicaid State Plan on a limited basis, and within available resources, for low-income individuals who are not eligible for Medicaid enrollment.

Partial Hospitalization and Intensive Outpatient Treatment.

Partial hospitalization and intensive outpatient treatment refer to structured behavioral health programs that provide outpatient services as an alternative to inpatient care. A 2018 review of Washington's state plan noted that there is no uniform definition of these types of

programs. The report identified variability in how these services are defined under Medicare and by some states that have implemented these services in their Medicaid program. In general, services in these types of programs resemble the types of services provided in a hospital inpatient program; however, the programs do not provide 24/7 care. Programs can be tailored to meet the needs of certain sub-populations. Intensive outpatient programs tend to have shorter hours than partial hospitalization programs, with partial hospitalization programs generally providing more than 20 hours a week of service to participants.

The 2018 state plan amendment review identified two options for implementing these services in Washington. The first option would be to amend the mental health rehabilitative services state plan amendment, and the second would be to provide coverage as an outpatient hospital service, which would not require a state plan amendment. The report noted that the type of providers who would be eligible to provide the services differs based on which option the state chooses for implementing coverage in the Medicaid program.

Partial Hospitalization and Intensive Outpatient Treatment Pilots.

The 2021-2023 Operating Budget appropriated \$8.6 million from the general fund to continue support for two partial hospitalization and intensive outpatient treatment pilot programs for children and youth that began serving patients in March 2021. One pilot program is located at Seattle Children's Hospital, and the other is located at Providence Sacred Heart Medical Center in Spokane. These pilot programs are limited to patients who can be served within available funding, and the programs do not have the ability to claim federal matching funds for services to Medicaid clients. A preliminary report on the pilot programs was submitted to the Legislature and a final report is due December 1, 2022.

Summary of Bill:

Partial hospitalization and intensive outpatient services for persons under 21 years of age is added to a list of services that MCOs and BHASOs may provide within funds appropriated by the Legislature. The HCA is required to add coverage for partial hospitalization and intensive outpatient services for persons under 21 years of age to the Medicaid State Plan by January 1, 2024, subject to approval by the Centers for Medicare and Medicaid Services.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Intensive Outpatient Programs (IOPs) and Partial Hospitalization Programs

(PHPs) are critical evidence-based programs in the continuum of care for children and youth. More than half the states cover these programs under Medicaid. Moving from a state-funded pilot program to Apple Health allows for leveraging of federal matching funds. While inpatient hospitalization costs a couple thousand dollars each day, the IOPs and the PHPs cost between \$500 and \$700 per day and prevent inpatient admissions. A recent report by the Health Care Authority noted that the IOPs and the PHPs at one site prevented 274 inpatient admissions in four months. There are children around the state boarding in emergency departments while waiting for inpatient beds and some of these children could be served by the IOPs and the PHPs.

There is a global child and adolescent mental health crisis, the impact of which is evidenced in local communities. The expansion of the IOPs and the PHPs is an important step to address this crisis and improve access to evidence-based mental health care. These programs are well established nationally with decades worth of data supporting their effectiveness. Data from these programs demonstrate success in reducing symptoms of depression, anxiety, and suicidal thoughts.

The Legislature has been cautious in stepping into these pilots and the pilots have produced great results. It is time to expand these services. Mental health needs for children have greatly increased over the last two years. This is apparent in emergency departments experiencing psychiatric boarding for children as reported in a recent news article. The PHPs provide a level of treatment that is between inpatient and outpatient care and should be expanded throughout the Medicaid program.

(Opposed) None.

Persons Testifying: Kashi Arora, Seattle Children's Hospital; Erik Loraas, Providence Health and Services-Washington; and Katie Kolan, Washington State Hospital Association.

Persons Signed In To Testify But Not Testifying: None.